

February 13, 2002

Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Re: Wireless Local Number Portability Mandate
CC Docket No. 99-200; WT Docket No. 01-184

Dear Mr. Chairman:

The current debate over extending the number portability mandate from local exchange carriers (for whom it was required by law) to competitive wireless carriers (where it specifically was not required by Congress) accepts without challenge that there is a positive cost-benefit result. CTIA disputes that approach, and seeks to assist the Commission in making its required cost-benefit analysis as rapidly as possible by providing the following information, incorporating by reference the submissions you have received from various wireless carriers.

Wireline experience: There is scant evidence that wireline consumers have received benefits to justify the \$3 billion they were forced to spend for local exchange carrier number portability.

When the Commission established the rules for wireline number portability back in 1998, the then-Chairman cautioned the Commission would “revisit today’s decision if it appears that consumers will end up paying for number portability before they have a competitive choice in local phone service.” Unfortunately, four years later it is clear that wireline number portability has amounted to little more than a costly experiment that has failed to foster competition as Congress and the Commission had intended.

The collapse of competitive local exchange carriers over the last four years, during which time 225 carriers have gone bankrupt or been absorbed by others, has made it clear that number portability – by itself – is not sufficient to insure a competitive market.

The Consumer Federation of America’s Gene Kimmelman put it well in 1999, “number portability is just the quintessential example of what’s gone wrong [with telecommunications deregulation].” “You’re paying for the benefits of choice -- the problem is, you pay, but there’s no one there to give you the benefits, to give you the choice. It makes no sense.”

Wireless reality: Fortunately there is choice in the wildly competitive wireless marketplace – *without number portability*. The Commission stated in the most recent *CMRS Competition Report* that the CMRS industry “continued to experience increased competition and innovation as evidenced by lower prices for consumers and increased diversity of service offerings.”

The various filings made by wireless carriers with the FCC have demonstrated that the incremental costs of providing number portability to wireless subscribers will greatly exceed the costs of wireline portability implementation because of the much greater complexity required to separate the wireless subscriber’s MIN from the MDN, and the need to deploy a new inter-carrier communications system to accommodate wireless customers’ expectations and the industry’s diverse distribution channels.

CTIA urges the Commission to consider the cost/benefit analysis associated with wireless number portability to determine whether it is truly warranted. Wireline number portability has fulfilled the fears expressed by the then-Chairman when it was enacted; its costs to consumers far outweigh its consumer benefits. There is no evidence to suggest that the higher costs associated with wireless number portability will not also fall short of the required cost-benefit analysis.

Wireless number portability is estimated to cost wireless carriers almost \$1 billion in its first year and a half-a-billion dollars every year thereafter. Each dollar spent on number portability will have an impact on consumers. Post mandating wireless number portability the choice will be clear: either increase consumer costs through fees or pricing, or reduce the amount of capital carriers can invest to continue expanding their coverage and service quality (or both).

In deciding this issue the Commission will determine if the wireless industry should spend this money to reduce blocked and dropped calls as customers are asking, or if the money will be spent on something that will be of value only to a few in the industry the Commission has called the “most competitive market in the telecommunications industry.”

Finally, CTIA and its member companies respectfully request the Commission to make its decision as rapidly as possible. Wireless carriers are having an extremely difficult time making critical resource allocation decisions affecting pooling implementation in the absence of clear direction from the Commission on the outcome of the pending petition for forbearance. This uncertainty is not good for carriers or consumers, and we urge the Commission to resolve this matter as quickly as possible.

Very truly yours,

Thomas E. Wheeler

cc: Hon. Kathleen Q. Abernathy
Hon. Michael J. Copps
Hon. Kevin J. Martin
Thomas Sugrue
Dorothy Attwood